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18 September 1959

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# CENTRAL

# INTELLIGENCE

# BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

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18 September 1959

### DAILY BRIEF

#### I. THE COMMUNIST BLOC

OK  
Communist China: Changes in the Chinese Communist defense establishment--announced on 17 September--appear to strengthen the position of Mao Tse-tung and the "party-machine" group of his lieutenants, who have recently been stridently defending their past and present policies against domestic and foreign critics. All three of the newly named defense and security chiefs have been very close to Mao and the party-machine group. In addition there has been a reshuffling of posts in other ministries which includes the apparent dismissal of the two senior deputy foreign ministers, both long regarded as particularly responsive to Soviet positions.

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OK  
Poland: In spite of the recent Soviet endorsement of Poland's unorthodox agricultural policies, some of the conformist satellite regimes continue to be critical of these policies, probably reflecting their concern over the potentially divisive effects they may have in their own countries. Party officials in both Hungary and East Germany have called the Poles "traitors" to socialism, and the former have accused the Poles of "dragging their feet" on collectivization. Czechoslovak representatives in Warsaw have also criticized Polish agricultural policies.

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#### II. ASIA-AFRICA

NO  
Jordan - UAR - Saudi Arabia: King Husayn of Jordan is considering accepting a proposal for a meeting with Nasir and King Saud. Saud, anxious to rebuild his personal prestige, has

(informed Husayn that he can arrange a meeting between Husayn and Nasir anywhere at any time. The proposal follows the re-establishment in August of formal relations between Jordan and the UAR and is in accord with Nasir's desire to align other Arab states with him against the Iraqi regime.) [redacted]

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[redacted] (Page 4)

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OK  
Afghanistan: Afghan Prime Minister Daud's formal request for US assistance for a new \$10,000,000 dam project in the Helmand Valley probably is intended to offset the recently expanded Soviet aid program in Afghanistan. However, in stressing his determination to see the dam built he implied that he would turn to the USSR if US aid is refused. Daud probably also hopes, by building a dam which would enable Afghanistan to withhold waters from Iran, to force Iran to settle a long-standing dispute over the division of Helmand River waters. [redacted]

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(Map)



### III. THE WEST

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OK  
Portugal: (Although there is no sign that top military elements are ready to ask Salazar to step down, any serious deterioration in his health might precipitate overt action by one of the budding opposition groups. The most important military opposition group is reportedly backed by Under Secretary of the Army Francisco Costa Gomes and former President Marshal Craveiro Lopes.) [redacted]

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France: A large measure of approval for De Gaulle's statement on Algeria is apparent in the reactions of French political circles, and outright condemnation has so far been limited to a few

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extreme rightists and the Communist press. (The American Embassy in Paris believes that De Gaulle has a good chance of "winning his gamble," but points out that the desperation of domestic opponents could enormously complicate his position.)

[redacted]

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DAILY BRIEF

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## I. THE COMMUNIST BLOC

### Chinese Communist Defense Changes Strengthen Mao's Position

The Peiping regime announced on 17 September personnel changes in three of the most important defense and security posts. Lin Piao replaces Peng Te-huai as minister of national defense, the top military post. Lo Jui-ching replaces Huang Ko-cheng as chief of staff, the post probably second in importance. Hsieh Fu-chih replaces Lo as minister of public security. All three of the new appointees have been close to Mao Tse-tung and the "party-machine" group of his lieutenants--that is, those party leaders whose importance derives principally from their positions in the central organs of the party rather than from posts as government administrators, economic specialists, or military leaders.

Lin Piao, whose long illness may have kept him from being named minister of defense years ago, has long seemed to be Mao's favorite military leader and was added to the party's politburo's standing committee last year. Lo Jui-ching has appeared to be a protégé of Mao throughout his career, and as minister of public security for the past ten years has been associated with the party-machine leaders who supervise both overt and covert security work. Hsieh Fu-chih, a provincial party boss for the past six years, has long been a lieutenant of two important politburo members regarded as party-machine figures.

These changes may reflect recent and continuing opposition by military figures to some of the policies affirmed by the dominant leaders at the party plenum last month--policies which have been stridently defended by Peiping in recent weeks against critics in the party and abroad, including the Soviet party.

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[Redacted]  
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In this connection, it is of interest that the two senior foreign ministers, Chang Wen-tien and Wang Chia-hsiang, long regarded as particularly responsive to Soviet positions, have apparently also been replaced.

Less dramatically, the changes may simply represent a continuation of the process--begun last October with the replacement of chief of staff Su Yu--of strengthening the party's control over the armed forces. There have been indications throughout the past year that the armed forces had remained insufficiently responsive to the dominant party leaders. In either event, Mao and the party-machine figures, including Liu Shao-chi, appear to be the beneficiaries.

Peng Te-huai, whose position as one of the party's top ten leaders has seemed to be based primarily on his Defense Ministry post, has almost certainly declined in power. He apparently remains a vice premier, however, and there is no indication in the current announcement that he will be dropped from the party politburo. [Redacted]

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### Poland's Unorthodox Agricultural Program Criticized in Bloc

Recent criticism of Poland's unorthodox agricultural policies by some other satellite regimes probably reflects their concern over the potentially divisive effect of these policies on their parties. During Khrushchev's July 1959 visit to Poland, he endorsed Gomulka and his agricultural policy, thereby possibly encouraging those officials in other satellites who favor a moderate approach to agricultural collectivization.

A Polish Ministry of Agriculture official who returned to Poland from Budapest on 11 September told the American chargé in Warsaw that Hungarian agricultural officials had accused the Poles of "dragging their feet" on collectivization. The Polish official said that the Hungarians were calling the Poles "traitors" to socialism and added that East Germany had recently made the same accusation. Czechoslovak representatives in Warsaw have also criticized Polish agricultural policies, according to US Ambassador Beam. The Polish official asserted, "We tell them that socialism is our goal, but that we will attain it in our own way; they try to force us to collectivize their way."

Poland's new agricultural program announced by Gomulka in June is based on the nationwide expansion under party control of the agricultural circles--voluntary co-operatives of independent peasants--rather than on the establishment of collectives as in other satellite countries. [redacted]

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King Husayn Considering Meeting With Nasir and King Saud

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(King Husayn of Jordan has informed Ambassador Mills that he is considering a proposal for a meeting with Nasir and King Saud for the stated purpose of coordinating the defense of the three Arab countries against Communism. The proposal was made in a message from King Saud, who said he could arrange the meeting anywhere and at any time Husayn wished.)

(The desirability of a tripartite meeting was discussed with Nasir during Saud's visit to Cairo early in September, when, according to the Nasir-Saud communique, tripartite cooperation on a Hijaz railway project linking Syria, Jordan, and Saudi Arabia was also considered. King Saud is promoting a meeting of the three Arab leaders probably as a means of bolstering his personal prestige, particularly in Saudi Arabia.)

(Nasir has been anxious to align other Arab states with him against any possible threat from Iraq.

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[For] formal relations between the two countries, broken at the time of the Iraqi revolution, were re-established in August.)

(Husayn, who has remained suspicious of UAR subversive activities against him since the abortive pro-Nasir coup in Jordan in 1957, said he initially was inclined to reject the proposal from Saud, but he left Ambassador Mills with the impression he now might accept if the meeting were held anywhere except in the UAR. Husayn is reluctant to create an impression that Jordan is supporting the UAR in its differences with Iraq and said he furthermore did not wish it to appear to other Arab governments that the UAR, Jordan, and Saudi Arabia were arrogating to themselves the determination of policy for all the Arab states.)

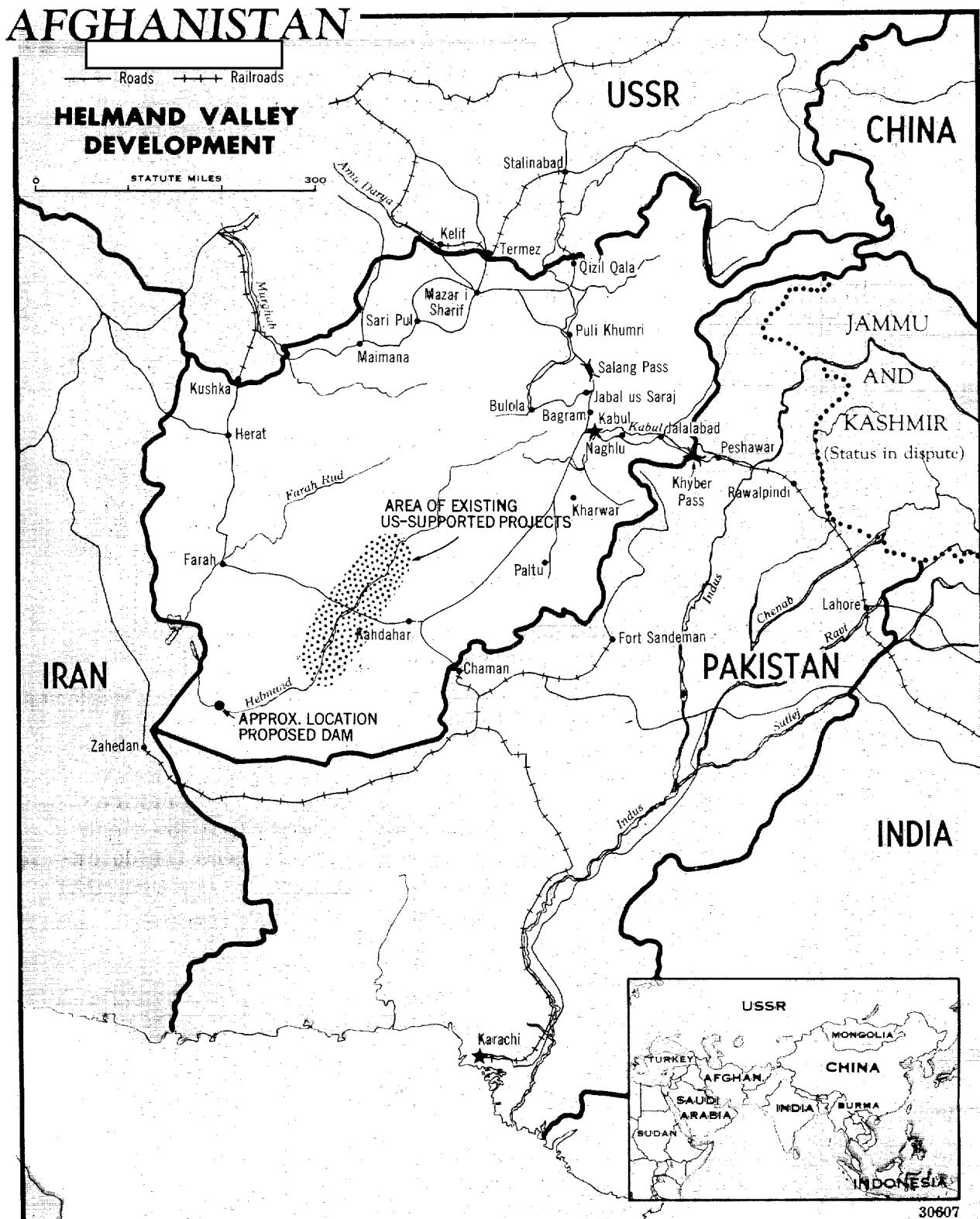
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Afghanistan Requests US Assistance to Build New Dam in Helmand Valley

Afghan Prime Minister Daud has formally requested American assistance for a new \$10,000,000 dam project in the Helmand Valley. The dam would apparently be located on the lower reaches of the Helmand River in southwest Afghanistan about 45 miles from the Iranian border.

Daud and other Afghan officials have recently expressed concern over American comments that major new Soviet economic aid projects accepted by Kabul seem to signify the end of Afghanistan's neutrality policy. Daud probably hopes his request will emphasize his government's desire to retain US interest in Afghanistan.

The Afghan prime minister said he is so determined to see the dam built that, if a grant cannot be arranged, he is prepared to accept a long-term loan. His statement of determination may also have been intended, however, as a strong hint that he would turn to the USSR if US aid were refused.

Daud probably also hopes, by building a dam which would enable Afghanistan to withhold waters from Iran, to force Iran to settle the long-standing dispute over the division of the Helmand River waters. The Iranians have refused an offer by Afghan King Zahir of an agreement guaranteeing Iran a flow of 26 cubic meters of water per second, four more than the 22 suggested by the Neutral Commission of 1950.

Iran probably would regard construction of the proposed dam as aimed at forcing it to accept what it regards as an unsatisfactory distribution of the Helmand River waters. Tehran would also view such a dam as detrimental to its plans for developing lands bordering on Afghanistan unless this were part of a broader plan involving both countries.

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### III. THE WEST

#### The Situation in Portugal

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(Growing tension within Portugal's military establishment increases the possibility of a coup d'etat in the event of the death of Salazar or a recurrence of his serious illness of last January. Generals Lopes da Silva and Beleza Ferras are considered possible "front men" for a junta which would be controlled by Under Secretary of the Army Francisco Costa Gomes, regarded as one of the most intelligent members of the military opposition, and Marshal Craveiro Lopes.)

(The 65-year-old Marshal Lopes was President of Portugal for the term ending in August 1958, but--apparently at Salazar's behest--was not renominated by the government party. Lopes has seemed a likely candidate to succeed Salazar in view of his popularity in military circles, as compared to the two most frequently mentioned contenders, Santos Costa, former defense minister, and the present defense minister, Botelho Moniz.)

(Lopes is said to have made several contacts with General Delgado, the unsuccessful presidential candidate in 1958. Delgado polled a remarkable number of votes for an opposition candidate in Portugal, but his subsequent "intemperate" actions seem to have lost him popular prestige. He now is in exile in Brazil.)

(At present, coup planning is reported to be directed not against Salazar but rather against "do nothing" ministers of the government. The military are highly conscious of their determinative role in Portuguese politics.) [redacted]

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Reaction to De Gaulle's Algerian Proposal  
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The initial French domestic reaction to President De Gaulle's new program for Algeria has been generally favorable, with publicly expressed opposition limited to the extreme right and to Communists. Louis Terrenoire, president of the Union for the New Republic, hailed the program as a "noble charter of French good faith," and the senior Independent party statesman, Paul Reynaud, also praised it. De Gaulle's strongest support thus far has come from the center and non-Communist left, with the Catholic Popular Republican party expressing "unreserved" and the Socialists "a large measure" of approval.

Evidence of French Community support came from one of the African leaders whose position had been most in doubt--Modibo Keito, president of the Mali Federation--who welcomed the speech as an alternative to war in settling the Algerian dispute.

Although the press has reported bitterness among junior French army officers in Algiers over "shedding our blood and then abandoning Algeria," General Challe's public pledge of the army's loyalty to De Gaulle's authority and the immediate imposition of military censorship on any inflammatory public expression of opposition suggest that no army support for any extremist European settlers is likely. Other opinion in Algeria has been largely confined to disapproval by veterans' organizations and some European newspapers. However, a few Moslem officials, including one senator, have commented favorably.

Foreign press reaction is divided between France's European allies, all favorable, and the Arab nations, which generally are withholding comment pending reaction from the Algerian rebels.

(The American Embassy in Paris believes that by making a sharp break with the past and staking his personal reputation on the new plan, De Gaulle has cut the grounds for objection from under all but the most extreme elements and now stands a good chance of "winning his gamble." The embassy also commented, however, that his increasingly desperate domestic French opponents could enormously complicate his position)

Paris has welcomed President Eisenhower's 17 September statement as a "serious blow" to the insurgent leaders.

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